Counterpunch

A Report from the Capital

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Akin, Gump Wheels and Deals Under Clinton

Eager to demonstrate that CEOs need not fear the Democrats, Bill Clinton has been just as accommodating to big business as his Republican predecessors. The president pushed through the NAFTA agreement, extended an R&D tax break worth billions to major companies and broke a campaign pledge to force the auto industry to increase fuel efficiency by 40 percent. Meanwhile, major donors to the Democratic National Committee receive special briefings from government officials, both in Washington and, in late February, at a weekend retreat at Florida's Boca Raton Resort & Club.

Corporate titans are delighted with their commander-in-chief. "We've been pleasantly surprised from the beginning with this administration," AT&T exec William Marx has been quoted as saying. "We're getting along much better with this administration than we did with previous ones," chimes in recently retired Ford chairman Harold Poling.

As with any government, the actual division of spoils is greatly determined by who has the best connections. And in Washington today, perhaps the best connections belong to the Texas-based law firm of Akin, Gump, Strauss, Hauer & Feld.

Akin, Gump Makes Money The Old Fashioned Way: Contacts

Always a powerhouse, Akin, Gump's prestige has reached new heights under the current administration. Among its dozens of clients, many who signed up after Bill Clinton took office, are AT&T, American Airlines, Upjohn, Warner-Lambert, Bechtel, Pfizer, Bank of America and several major insurance associations. A tune revelers sang at a company affair a few years back well captures Akin, Gump's smug self-assurance: "We keep all well-heeled oil men out of trouble, protect each cattle baron's precious rump, recession times we only charge you double, at Akin, Gump."

Senior partner Robert Strauss, a professional fixer with strong links to Wall Street and the multinational sector, is one of Akin Gump's prized assets. The ultimate Washington insider, Strauss is a former chair of the Democratic National Committee and was special trade representative under Jimmy Carter. In the spirit of bipartisanship, he served on Ronald Reagan's presidential commission on Central America and was George Bush's ambassador to Russia between 1991 and November of 1992.

After returning from Russia, Strauss rejoined Akin, Gump's D.C.office—now bigger than any of its four Texas branches. A key colleague in the capital is Vernon Jordan, who chaired the Clinton-Gore transition team and is a board member for 11 major companies. Another senior partner is Joel Jankowsky, known on Capitol Hill as the "Wizard of Oz" because of the behind-the-curtain role he has played in so many business deals.

Jordan and Strauss reportedly selected a number of top cabinet and sub-cabinet presidential appointees—in addition to the five firm lawyers who received important posts in the administration. Strauss's choices included Robert Rubin, a former investment

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Corporate Execs Adjust Well To New Global Economy

by Sarah Anderson and John Cavanagh

Mass Layoff Companies	Announced Job Cuts Since 3/91	CEOs	'93 Total Annual Compensation (thousands)	% Change From '92
IBM	85,000	Louis Gerstner	* $2,785	na
AT&T	83,500	Robert Allen	$2,517	11
GM	74,000	John Smith, Jr.	$1,375	84
Sears, Roebuck	50,000	Edward Brennan	$3,095	198
GTE	32,150	Charles Lee	$1,746	– 6
Boeing	30,000	Frank Shrontz	$1,421	3
Eastman Kodak	20,000	George Fisher	** $485	na
Martin Marietta	15,000	Norman Augustine	$1,651	18
Du Pont	14,800	Edgar Woolard, Jr.	$1,242	0
Citicorp	13,000	John Reed	$4,150	90
P&G	13,000	Edwin Artzt	$1,763	11
Aetna	11,800	Ronald Compton	$1,325	71
United Technologies	10,697	George David	$1,479	115
GE	10,250	John Welch, Jr.	$4,013	15
McDonnell Douglas	10,200	John McDonnell	$1,055	54

Sources: layoff figures from Forbes, April 25, 1994; compensation data from Business Week, April 25, 1994.

* joined the company in 3/93; figure doesn't include $4.9 million paid under agreement.
** joined the company in 12/1/93; figure doesn't include $5 million hiring bonus.

In the lean and mean new global economy, bad news for employees is not necessarily bad news for CEOs. New figures from *Forbes* magazine show that 27 U.S. companies have fired more than 10,000 workers since March 1991, and have laid off a total of roughly 630,000 employees. Meanwhile, average annual CEO compensation (not including stock options) at those same companies rose by 30 percent in 1993, to about $1.9 million.

Sears CEO Edward Brennan is a good example of the distorted priorities of U.S. business. The bedrock American company's announcement last January that it would ax 50,000 workers jolted the national psyche. The blow to Brennan was cushioned by a 200 percent pay hike, which raised his 1993 compensation to more than $3 million.

IBM's John Akers and Eastman Kodak's Kay Whitmore got the boot themselves last year, but their replacements—charged with carrying out layoffs of 85,000 and 20,000 workers, respectively—each received a hefty $5 million hiring bonus.

In 1993, Congress passed a new law which, in effect, encourages CEOs to slash jobs by capping the level of tax deductible executive pay at $1 million, *unless* a salary hike is granted to reward "improved performance." In response, corporations have generally developed performance criteria which are linked to increased cash flow and productivity. "In the short term, the only way [to] meet these criteria is through drastic job cuts," says Steve Abrecht of the Communications Workers of America. "For executives to get their bonus, that's what they have to do."

All 27 CEOs at the job-cutting firms received more than $1 million in salary and bonuses in 1993; most received an extra million or two in stock options. The chart shows the most outrageous cases.

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Dr. John Alexander: Out of Body or Out of Mind?

The latest rage at the Pentagon is "non-lethal weaponry," the subject of a Los Alamos National Laboratory-sponsored conference held last November at Johns Hopkins University. Proceedings at the two-day affair were top-secret but ***Counter*punch** has learned that speakers included Attorney General Janet Reno, Edward "H-Bomb" Teller and Dr. John Alexander, Los Alamos's manager of non-lethal defense research.

A conference brochure calls non-lethal defense "a potent new force" which will allow commanders to "inhibit an enemy's ability to prosecute a war." A few possibilities planned by the Pentagon are high-power lasers that disorient enemy pilots, electronic gadgets that disable a hostile nation's computer and financial systems, and multi-colored strobe lights which nauseate unfriendly crowds.

The press—adopting its traditional posture of blind worship for the high-tech god—is beginning to take note of developments in the emerging field. A Feb. 7, 1994 *Newsweek* story exclaimed that a "new generation of nonlethal weapons may help rout mobs, subdue gunmen, even win wars—without killing the innocent." Two weeks earlier *Aviation Week* named Los Alamos's Alexander one of its "Aerospace Laureates" for his outstanding efforts in the field.

Neither of the magazines mentioned the significant and disturbing possibility that Alexander, a 32-year Army veteran, is stark raving insane. Substantial raw data to support such a thesis has been compiled by the *Secrecy and Government Bulletin*, published by the Federation of American Scientists.

A thumbnail biography of Alexander from his 1980 book, *The Warrior's Edge*, says he has "evolved from hard-core mercenary to thanatologist...As a Special Forces A-Team commander in Thailand and Vietnam, he led hundreds of mercenaries [?] into battle. At the same time, he studied meditation in Buddhist monasteries."

The Australian "new age" journal *Nexus* reports that in 1971, while an infantry captain based in Hawaii, Alexander "was diving in the Bimini Islands looking for the lost continent of Atlantis." A man of broad interests, Alexander has also represented the Silva mind control organization, lectured on Precataclysmic Civilizations, served on the board of the International Association for Near Death Studies and conducted ESP experiments with dolphins.

Lost in Space

The search for Atlantis now apparently on hold, Alexander took time last year to organize a Santa Fe, New Mexico, conference on the Treatment and Research of Experienced Anomalous Trauma. Topics discussed at the conference included ritual abuse, near-death experiences and human contacts with extraterrestrials.

Alexander told the *Albuquerque Journal*, which covered the conference, that he is deeply concerned because assertions of such activities are rapidly growing. "Something's happening that's impacting on the psyche of America," he informed the newspaper. "That's for sure." While open-minded about tales of space aliens adbucting human beings, the Los Alamos director drew the line, albeit hesitantly, in regard to the possibility that some female abductees have given birth to alien children. "Ostensibly, what happens is that impregnation takes place, then the person is brought back aboard ship where the fetus is removed," said Alexander. "But the physical evidence to support this is, in my mind, lacking."

The best guide to Alexander's views on non-lethal weaponry is a 1980 article he wrote for the *Military Review*, "The New Mental Battlefield: "Beam Me Up, Spock," in which he discussed "weapons systems that operate on the power of the mind." Alexander argued that telepathic behavior modification, psychokinesis and out-of-body experience (OOBE) travel all have potentially useful military applications, particularly the latter. "The intelligence-gathering capability available through OOBE travel is obvious," he wrote. "When finally developed, this capability could ultimately allow an operator to enter an enemy headquarters at will to observe plans and dispositions." In fact, he said, test subjects in the Soviet Union and China had already used the technique to "penetrate secured areas to retrieve desired data."

Urging full speed ahead on research in the field of "psychotronic weaponry," Alexander said that "whoever makes the first major breakthrough...will have a quantum leap over his opponent, an advantage similar to sole possession of nuclear weapons." Alexander recognized that skeptics might consider his ideas to be "ridiculous," but dismissed potential critics by saying that "some people still believe the world is flat."

Incidentally, since virtually all non-lethal research is funded out of the Pentagon's top secret $30 billion "black" budget, Congress exercises virtually no oversight of Alexander's work. Therefore, if Alexander one day concludes that contacting Elvis is essential to national security—a possibility which clearly cannot be ruled out—the Los Alamos director would be largely free to spend millions of dollars in taxpayer money to pursue such a goal. •

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Akin, Gump, from p. 1

banker at Goldman, Sachs and Company, who Clinton named to head the National Economic Council. In 1991, Strauss hosted a party at the plush F Street Club to introduce Rubin, then a rising star in New York but largely unknown in the capital, to the cream of D.C. society.

This substantial base of influence is enhanced by Akin, Gump's Political Action Committee, the legal industry's most generous. According to the Center for Responsive Politics, the firm donated $30,000 to the Democratic National Committee during the first half of 1993 alone. Akin, Gump's PAC, its employees and employees' spouses gave nearly $500,000 to congressional candidates during the 1991-92 election cycle.

Akin, Gump clients have superb access, Washington's most precious commodity. At least a dozen of 80 top executives who the *The Wall Street Journal* lists as having lunched with the president have ties to the law firm. These include John Bryan of Sara Lee, Gerald Levin of Time Warner and Dwayne Andreas of agribusiness giant Archer-Daniels-Midland, all clients, and Xerox's Paul Allaire, whose board of directors includes Strauss and Jordan.

Under Clinton, Akin, Gump cronies have filled their wallets as well as their stomachs:

- Client John Bryson of the SECorp asked for the administration's help in retrieving $150 million from Mexico after his company pulled out of an energy project in that country. The Commerce Department was soon on the case and SECorp's money was returned—with interest.
- Another client, Westinghouse Electric Corp., stands to gain from a proposed rule in the March 11 Federal Register which would ease restrictions on the export to Eastern Europe of "safety-related" equipment for nuclear power plants. According to *The Energy Daily*, Westinghouse has "fabulous opportunities" in that region.
- American Express, whose board includes Vernon Jordan, won the federal government's multi-billion dollar credit card contract away from Diners Club.

Let's Do Russia: Strauss and former Soviet Union

Akin Gump's sway is evident in its mediation of U.S. trade with Russia. The key is Strauss, who while ambassador established a close friendship with President Boris Yeltsin. Describing his mission in Russia as "the lord's work," Strauss told *National Journal* that he simply wants to create jobs and profits at home while giving a boost to the Russian economy.

To expand bilateral links, the noble Strauss helped set up the U.S.-Russia Business Council (USRBC). Last fall, the Council —whose 38-member board is stuffed with Akin, Gump-linked CEOs—used a $250,000 State Department grant to organize a four-day trade fair in Moscow, which Strauss attended.

In late March, many lucrative deals were closed during Commerce Secretary Ron "Rolodex" Brown's trip to Russia with 28 U.S. business officials. Commerce won't release the names of the 28—who were selected from more than 300 executives who wanted to go along—telling inquiring journalists to file a Freedom of Information Act request.

Fortunately, ***Counter*punch** was able to obtain the list by calling Commerce's Business Information Center, which runs a 24-hour Flashfax service for companies seeking investment opportunities in Eastern Europe (202-482-3145; document #0301). It was thus able to determine that *at least* eight of the 28 lucky companies selected for the Russian trip are linked to Strauss or his firm. They are:

- Akin, Gump clients AT&T, Westinghouse, Dresser Industries, a Dallas-based oil equipment firm where George Bush worked in the 1950s, and Enron, a Houston-based company whose board includes Wendy Gramm, wife of Texas Sen. Phil Gramm, and which last year hired as advisors former Secretary of State James Baker and former Secretary of Commerce Robert Mosbacher.
- USRBC board members Litton Industries and General Electric.
- Former Strauss clients Rockwell International and Bristol-Myers Squibb.

During the trip, the government's Overseas Private Investment Council (OPIC) announced a $125 million loan guarantee, the largest in its history, to back a telecommunications project between US West and Russia. OPIC is headed by Ruth Harkin, who until last year was a top corporate lawyer for...Akin, Gump.

Another government agency actively promoting business with Moscow is the Export-Import Bank (Ex-Im), whose president, Kenneth Brody, long worked with Strauss protege Robert Rubin at Goldman, Sachs. Last year, the Ex-Im finalized an Oil and Gas Framework Agreement which will finance Russia's purchase of $2 billion in U.S.-made equipment. The deal originated in late 1992 under then-acting Ex-Im chairman Eugene Lawson, who supervised the Agreement's preparation *after* having quietly accepted his current position as president of Strauss's board at the USRBC.

A chief beneficiary of the accord could be Dresser, which is negotiating a major deal with Moscow. To sum up an extraordinary series of coincidences: 1) Dresser does business with Akin, Gump; 2) Company CEO John Murphy is an old buddy of Strauss's; 3) Murphy sits on the USRBC board; 4) Murphy, as the Council's first chair, approved Lawson's hiring; 5) Murphy was chosen to make the Moscow trip; and, 6) Murphy is now a member of the Export-Import Bank's advisory committee.

Charles Lewis, executive director of the Center for Public Integrity, calls the Akin, Gump-Russia link a "depressing metaphor" for the way Washington really works. "This is influence peddling of the lowest order," he says. "Strauss is using his former position to assist his clients get business in Russia."

In his inaugural address, Clinton pledged, "I'm going to change the government. We're going to reduce the influence of lobbyists [and]...special interests." Akin, Gump's ability to help companies get the inside track shows that under Clinton, the relationship between powerful private interests and government is as promiscuous as ever.

Other major law firms are also prospering under the current administration. A few big winners include Patton, Boggs & Blow (former home to "Rolodex" Brown) and Manatt, Phelps & Phillips (from where U.S. Trade Representative Mickey Kantor was plucked for public service). "Companies and lobbyists are having a field day," says Lewis, capturing the atmosphere in Washington. "It's not a pretty sight." •

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